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MACROECONOMIC POLICY QUESTIONS: COMMODITIES

Costa Rica*: draft resolution

Commodities

The General Assembly,

Recalling its resolutions 45/200 of 21 December 1990, 47/185 of 22 December 1992, 48/214 of 23 December 1993 and 49/104 of 19 December 1994, and stressing the urgent need to ensure their full implementation,

Recognizing that in many developing countries, in particular African countries and least developed countries, the commodity sector remains the principal source of export revenues and of the creation of employment, income and savings, and the driving force of investments and the reactivation of growth and development,

Concerned about the constant price fluctuations of commodities, and also recognizing the need for a better functioning of commodity markets and the necessity of stable and more predictable commodity prices, including searching for long-term solutions,

Mindful of the need for developing countries, especially African countries and least developed countries, to diversify their economies, in particular the commodity sector, with a view to modernizing their production, distribution and marketing systems, enhancing productivity, and stabilizing and increasing their export earnings,

* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

Also concerned about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes,

1. Welcomes the outcome of the ninth session of the United Nations Conference on Trade and Development, including the "Midrand Declaration and A Partnership for Growth and Development" 1/ related to the issues of commodities;

2. Recognizes the fundamental responsibility of the developing countries that are heavily dependent on primary commodities for continuing to promote a domestic policy and an institutional environment that encourage diversification and enhance competitiveness;

3. Notes the need expressed by developing countries, in particular the commodity-dependent developing countries, for remunerative, stable and more predictable commodity prices, in the face of persistent instability in the prices of some primary commodities and the general deterioration in the terms of trade;

4. Emphasizes the urgent need to create a more favourable international environment for supportive international policies to improve the functioning of commodity markets through efficient and transparent price formation mechanisms, including commodity exchanges, and through the use of commodity price risk management instruments;

5. Urges developed countries to continue to support the commodity diversification efforts of developing countries, especially African countries, in a spirit of common purpose and efficiency, inter alia, by providing technical and financial assistance for the preparatory phase of their commodity diversification programmes;

6. Reiterates the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development in commodity-dependent developing countries, and in this respect stresses, inter alia, that:

(a) Trade-distorting policies and practices, including tariff and non-tariff escalation and obstacles to competition in the markets of developed countries, have a negative effect on the ability of developing countries to diversify their exports and to undertake the requisite restructuring of their commodity sector;

(b) Expansion of South-South trade in commodities offers opportunities for intersectoral linkages within and among exporting countries;

1/ See TD/377.

(c) In line with Agenda 21 2/ and the Rio Declaration on Environment and Development, 3/ trade and environmental policies are mutually supportive to achieving sustainable development. In that regard, environmental policies and measures with potential trade impact should not be used for protectionist purposes;

(d) The issues related to commodities in the context of sustainable development should be fully taken into account by all overall review and appraisal machinery of the implementation of Agenda 21 adopted by the United Nations Conference on Environment and Development;

(e) There is a need to promote research and development, to provide infrastructure and support services, and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

7. Emphasizes the importance for developing countries to process a significant part of their commodities, and in that regard stresses the need for new market opportunities for their processed and semi-processed commodities;

8. Encourages the Common Fund for Commodities, in cooperation with the International Trade Centre, the United Nations Conference on Trade and Development and other relevant bodies, to explore effective ways and means of using the resources of the First Account of the Common Fund to help the commodity-dependent countries, especially the least developed countries, to diversify their commodity sector projects and to promote their commodity market development;

9. Urges producers and consumers of individual commodities to intensify their efforts to reinforce mutual cooperation and assistance;

10. Requests the Food and Agriculture Organization of the United Nations to continue to provide technical support to the basic food sector of developing countries, in particular net food importing countries, inter alia, in meeting their commitments under the Uruguay Round;

11. Welcomes the technical cooperation activities that will be undertaken by the United Nations Conference on Trade and Development, in collaboration with the World Trade Organization and other concerned international organizations in the field of international commodity trade;

12. Requests the Secretary-General of the United Nations Conference on Trade and Development to report on world commodity trends and prospects, with particular emphasis on commodity-dependent developing countries in the light of

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2/ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, vol. I, Resolutions Adopted by the Conference (United Nations publication, Sales No. E.93.I.8 and Corrigendum), resolution 1, annex II.

3/ Ibid., annex I.

the outcome of the ninth session of the United Nations Conference on Trade and Development;

13. Decides to include the question of commodities in the agenda of its fifty-second session.